



NON - C O N F I D E N T I A L

24 September 2012

Ms Joanne Reid
Director, International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
Canberra ACT 2600

Dear Ms Reid,

RESUMED INVESTIGATION - QUICKLIME FROM THAILAND

In our submission of 21 August 2012 to this resumed investigation we submitted that, but for the dumped imports of quicklime from Thailand, Cockburn Cement Ltd ("Cockburn") would have achieved selling prices substantially higher than those prior to the reductions between March and June 2012, meaning that the revenue and profit reduction experienced by Cockburn because of dumped imports from Thailand was substantially greater than that found by Customs to constitute material injury in the original investigation no. 179. We cited the precedent of Customs' finding in relation to aluminium roadwheels from China (Report No. 181) for taking into account price increases which would have occurred but for dumped imports. This submission provides supporting evidence of the said earlier submission.

Customs' original investigation no. 179 found that Cockburn's price reductions because of price undercutting by imports from Thailand, when annualised, represent a **substantial reduction in profit**. A "substantial" reduction in profit obviously constitutes "material" injury.

In his review of Customs' termination decision, the TMRO found that, based on Customs' analysis, the revenue and profit losses by Cockburn between January 2010 and June 2011 were significant and constitute material injury.

Customs' finding of a substantial reduction in profits is based on the absolute difference between Cockburn's selling prices prior to the entry into the market of dumped imports from Thailand and the revised prices in response to the price undercutting by the dumped imports from Thailand. However, the actual negative impact of the dumped imports from Thailand on Cockburn's revenue and profit is significantly more than this as, but for the dumped imports, Cockburn would have achieved price increases rather than price decreases in its renewed contracts.

Cockburn's supply agreements with its non-alumina customers include price review conditions which provide for price rises [REDACTED]
[REDACTED] [grounds for price rises]

At attachment 1 hereto is a typical Supply Agreement showing on page 16 an annual price review based on [REDACTED]

At attachment 2 hereto are copies of Cockburn letters demonstrating that factors [REDACTED] can influence price reviews, viz [REDACTED]

At attachment 3 hereto is evidence of historical movements in road freight cost indices.

Having regard to the foregoing, it is reasonable to presume that, but for the dumped imports from Thailand, Cockburn's prices in contracts revised because of the unfair competition from dumped imports would have increased at least to the extent of [REDACTED] from 2009 to 2010. As demonstrated by attachment 4 hereto, when regard is had for prices that would have been achieved by Cockburn but for the dumping from Thailand, the negative impact of dumping from Thailand on Cockburn's annual profit is 45% higher than what Customs and the TMRO considered to be substantial/material in the original investigation. (Attachment 4 is a revision of attachment A-9.2 to Cockburn's application by the addition of the impact of escalation of original prices by CPI on revenue (profit).)

Yours sincerely,



Roger Simpson

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List of Attachments

- | | |
|---------------------|--------------------------------------------------------------------------|
| Attachment 1 | Supply Agreement (Confidential) |
| 2 | Cockburn letters re rise and fall clauses (Confidential) |
| 3 | Road freight cost indices |
| 4 | Chememan pricing impact on Cockburn Cement pricing (Confidential) |

Attachment 1

Supply Agreement

(Confidential)

Cockburn letters re rise and fall clauses

(Confidential)

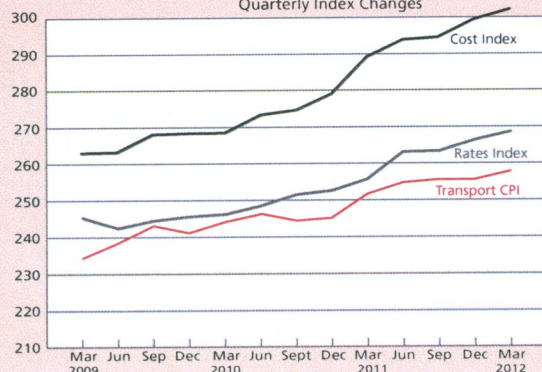
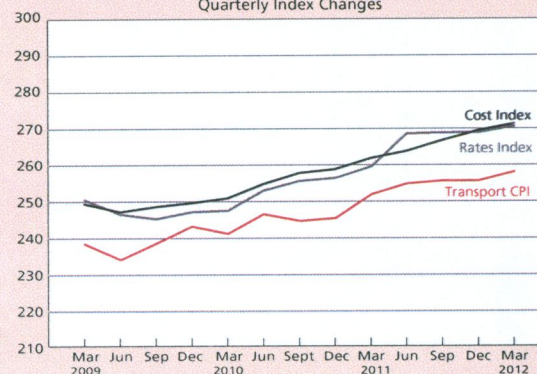
Attachment 3

Road freight cost indices

TRANSECO ROAD FREIGHT
COST INDICES

MARCH QUARTER 2012

Volume 19 No 2. June 2012

TransEco Linehaul Cost Movements
Quarterly Index ChangesTransEco Shorthaul Cost Movements
Quarterly Index Changes

Comment

- Over the year diesel prices rose by 7.0% for linehaul and by 8.9% for shorthaul operators.
- Some differences are recorded in fuel prices as data have slightly different timings in observations per month within the quarter. Shorthaul data is based on non-bulk urban purchases, which is usually slightly higher than linehaul fuel prices; hence, the total comparative quarterly price, and index change, can be slightly different between the two sectors.
- The ABS Road Transport Producer Price Index (PPI) increased by 5.05% in the year, and the Transport CPI rose 2.47% for the same period.
- Annual changes in the total TransEco cost index, was 4.44% for linehaul operators and by 3.58% for shorthaul carriers.
- Driver labour costs on a three year compound averaged basis ranged from 3.67% per annum for linehaul and by 3.44% for shorthaul operators.
- Driver labour costs over the year saw a spike driven by demand in some States. Increases were 4.7% per annum for linehaul and by 4.4% for shorthaul operators.
- Administrative labour costs increased by 3.4% for linehaul and for shorthaul operations over the year. Timing difference of awards and EBAs impact on operational increases. The annual averaged three yearly admin rates tend to be closer aligned to trends.
- Registration charges for all vehicles rose by the NTC's 2.44% increment which is levied in four quarters in the TransEco index.
- Surveyed tyres costs rose by 2.5% in the quarter with annual changes of 6.95%. Some operators have incurred even higher prices.
- Linehaul costs over the last 3 years have averaged 4.7% per annum with shorthaul costs moving by 3.15% per annum.
- For the 12 months to March 2012 the GDP contribution of Road 'for hire' transport was down by 0.6% reflecting continued weakness in the sector.
- The Australian dollar is still improving with continued growth against several currencies. The Australian dollar grew by 10% against the Euro in the quarter.
- Capital costs decreased by less than 1% in the year as exchange rate increases saw very small falls in prices of some major capital equipment items.
- Maintenance costs rose by 2.4% in the year for linehaul and 1.2% for shorthaul operations. The dollar exchange rate was still responsible for heavy parts price declines but this was offset by labour increases.
- Comprehensive insurance costs have remained unchanged across Australia on average. Increases are expected with some insurers looking at double digit increases in the near future.

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TransEco Road Freight Cost Indices

Cost Segments

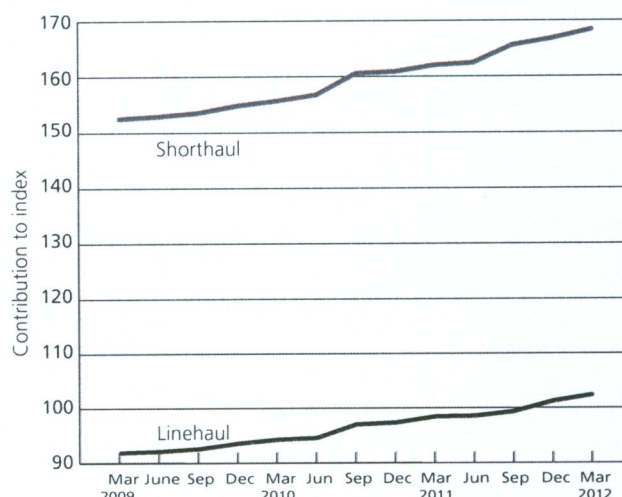
Labour: Driver and Administration

Over the year driver, labour costs increased by 4.7% for linehaul and by 4.2% for shorthaul operations. This increase was driven by a spike in total wages in the sector as measured by the Australian Bureau of Statistics. This increase will be monitored as it is well above the Fair Work Australia 2011 determination of 3.4%. Particular sectors in some States are pressuring labour costs but this is not universal.

On an annual average three year basis driver costs have risen by 3.6% for linehaul, and by 3.4% for shorthaul operations. The TransEco labour index is a composite labour index and as such the quarterly and annual index change represents both ancillary operations and award freight operators, as well as increases from a collection of specific EBAs. TransEco does not map its labour index to any particular remuneration framework, such as the national wage cases, awards determinations or FWA (Fair Work Australia) decisions, but it is instead an average of public and private indices. Annual index changes are usually less volatile than quarterly changes.

Annual administration costs for shorthaul and linehaul operations were 3.4% for both sectors and did not exhibit the spike in the driver increases over the year.

Quarterly changes



Fuel and Tyres

On a post GST and post Diesel Fuel Grants basis the fuel cost index for linehaul and shorthaul rose over the year. Linehaul rose by 7.0% and shorthaul by 8.9%. Differences, however, occur as linehaul operations are more dependent on bulk purchases of diesel and shorthaul often have some retail purchases which sees prices measured off a slightly higher urban retail base. Monthly timings of data being released also reflect differences in times of upward and downward swings.

Annual average per annum fuel increase over the last three years is 8.1% per annum for shorthaul and 8.5% for linehaul. This has been a significant cost burden for the road transport sector.

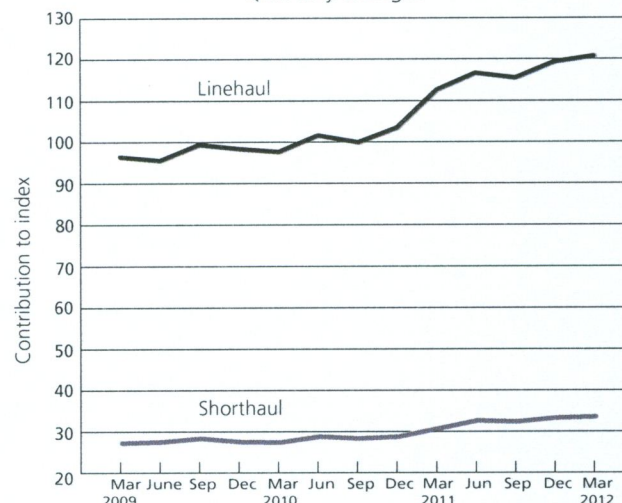
Both linehaul and shorthaul prices are averages across the three months in the quarter. Linehaul is an average of prices within the month averaged across the quarter, whilst shorthaul is averaged on a first of month basis for each month in the quarter. Also cost changes are based on the change in the residual price after GST and the Diesel Fuel Credit is removed.

The fuel Road User Charge (RUC) set by the NTC rose to 15.043 cents per litre as of 1st July 2011. This reduction is reflected in the TransEco diesel fuel index and acts as a small price increase. The NTC has put out a determination that will see some of the controversial B-Double A-trailer charges reduced but with higher associated charges for longer combinations. TransEco will comment in detail on these changes in the June Quarter report.

Surveyed tyre prices moved up by 2.5% in the quarter, however, there is still significant volatility on tyre prices for different sized operators. Annual sedan tyre prices rose by 9% in the quarter and by 4.6% over the year to end March 2012.

Surveyed operator increases for the coming year were between these two figures.

Quarterly changes



Vehicle Maintenance

Maintenance costs rose in the year by 2.4% for linehaul and 1.4% for shorthaul operators. This was partly driven by the exchange rate which has had a downward price impact on major spare parts.

Whilst the \$A is still strong the price of spares should be put under scrutiny. Transport CPI increases are significantly above the quarterly TransEco index increase for maintenance. With a 10.5% increase against the Euro parts for certain European manufacturers should be monitored.

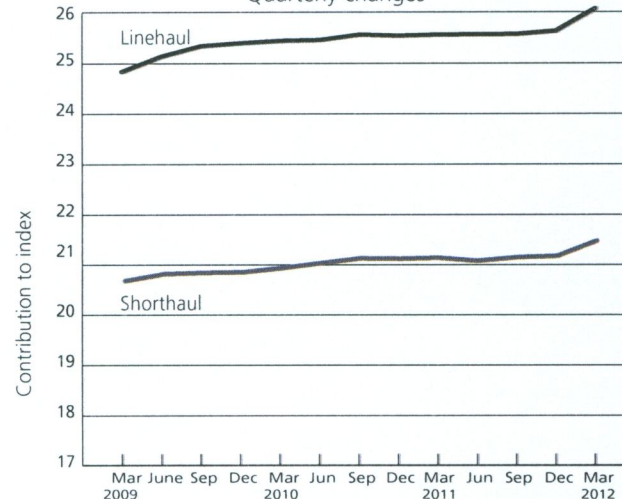
On a three year per annum basis the maintenance index is running at about 2.0% per annum for linehaul and 1.4% for shorthaul operations. This low level of increase is expected to rise should the \$A fall back to a non peak level against other currencies.

Exchange rate changes – 12 month Period.

| | Mar 11 | Mar 12 | % Change |
|----------|--------|--------|----------|
| \$A/US\$ | 1.0101 | 1.0543 | +4.4% |
| \$A/Y | 82.60 | 86.95 | +5.3% |
| Euro | 0.7217 | 0.7977 | +10.5% |
| SDR | 0.6394 | 0.6842 | +7.0% |
| TWI | 74.8 | 78.1 | +4.4% |

The A\$ continued to strengthen across all currencies, including the Yen, and a 10.5% jump across the Euro.

Quarterly changes



TransEco Road Freight Cost Indices

Vehicle Capital Costs

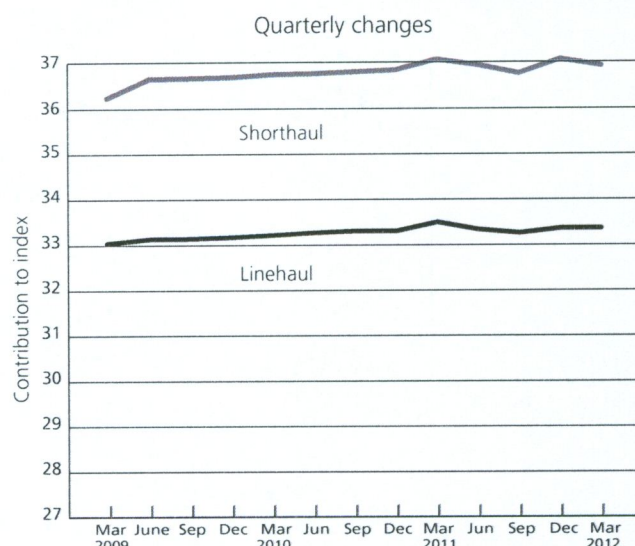
The capital cost index for the year was down by 0.8% for linehaul operators and for 0.47% for shorthaul operators. Most of this change was driven by decreases in major capital part prices in line with the rise in the Australian dollar.

The long term 3 year per annum increases were approximately 0.5% for shorthaul and 0.2% for linehaul vehicles. Price increases are not expected to occur until the sector exits from its current weak state or the dollar falls from its current highs.

The Reserve Bank delivered two cash rate cuts of 0.25% in early November and December 2011. As yet this has not stimulated the road sector although it will assist debt on asset borrowings.

Exchange rates continued to improve against all currencies including the Yen over the last 12 months.

A-Trailer charges and a weak road transport sector will not improve capital equipment demand over the next quarter.

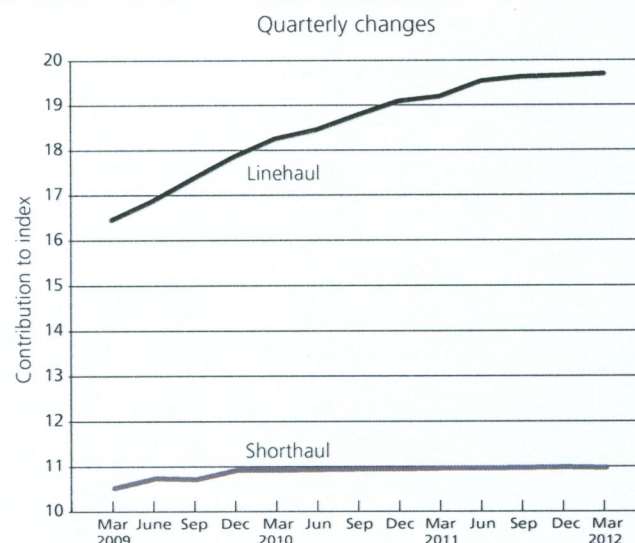


Registration and Insurances

The significant registration increases for B-Doubles closed with the end of the June 2011 quarter. There has been significant increases bringing B-Double (prime mover and trailer) up to \$15,340 per annum. This charge is being re-evaluated and notification of this review has now concluded and A-Trailer prices will come down on 1 July 2012. This will also be a benefit to B-Triples. However, road train combinations will be hit with higher charges.

Current annual registration increments of 2.44% for all vehicles greater than 4.5 tonnes GVM are activated in the TransEco index in four quarterly instalments. The diesel fuel grant is also impacted by this increase and has been reduced to 15.043 cents per litre.

Comprehensive truck insurance at the national level remains steady but is certainly expected to increase in the next financial year. Double digit increases will almost certainly be seen by some insurers.



TransEco Road Transport Activity Outlook

March 2012

The 12 months to March 2013 sees a forecast for Laden Business Kilometres rising by a small amount of 0.25% in the light of the current annual Road GDP downturn of 0.6%.

FORECASTS

| | 12m to Mar 12 | 12m to Mar 13 | Growth % |
|---------------------------------------------------|---------------|---------------|----------|
| 1. Laden Business Kilometres (million Kilometres) | 29,309.8 | 29,383.0 | 0.25% |

HISTORICAL TRANSPORT DATA

| | 12 months to Mar 2012 | 12 months to Mar 2012 | % change |
|----------------------------------------------------------------------------|-----------------------|-----------------------|----------|
| 3. GDP (P) for Road Transport (\$ Million) | 2011 | 2012 | |
| (Seasonally Adjusted) | \$19,508.0 | \$19,613.0 | -0.6% |
| 4. GDP (P) for Road Transport (\$ Million) Quarterly (Seasonally Adjusted) | Dec Qtr 11 | Mar Qtr 12 | % change |
| | \$4,826.0 | \$4,880.0 | 1.11% |

| | 12 months to Mar quarters | 12 months to Mar quarters | % change |
|-----------------------------------------------------------------------------------|---------------------------|---------------------------|----------|
| 5. GDP (P) for Warehouse and Storage (\$ Million) | 2011 | 2012 | |
| (Seasonally Adjusted) | \$29,984.0 | \$32,448.0 | 8.2% |
| 6. GDP (P) for Warehouse and Storage (\$ Million) Quarterly (Seasonally Adjusted) | Dec Qtr 11 | Mar Qtr 12 | % change |
| | \$8,052.0 | \$8,269.0 | +2.3% |

Road transport rose by 1.11% in the quarter but fell by 0.6% over the year. However, Storage and Warehousing continued to register a massive gain of 8.2% over the year with a similar quarterly gain of 2.4%.

TransEco Road Freight Cost Indices

Linehaul Cost Changes

(Index base 100 = December 1984)



| Quarter | Contribution to total index | | | | | | | | | Recommended | |
|---------|-----------------------------|-------|-------|-------|--------------|---------|-----------|------|-----------------------|-------------|-------------|
| | Driver | Admin | Fuel | Tyres | Main-tenance | Capital | Insurance | Rego | Total Transport Index | CPI | Rates Index |
| Mar-09 | 61.86 | 30.26 | 77.56 | 19.09 | 24.73 | 33.04 | 11.48 | 5.00 | 263.03 | 234.65 | 245.55 |
| Jun-09 | 62.09 | 30.47 | 76.00 | 19.59 | 25.05 | 33.12 | 11.71 | 5.12 | 263.15 | 238.49 | 242.75 |
| Sep-09 | 62.22 | 30.65 | 79.57 | 19.82 | 25.26 | 33.12 | 11.92 | 5.44 | 268.02 | 243.07 | 244.89 |
| Dec-09 | 62.93 | 30.87 | 78.54 | 19.82 | 25.30 | 33.16 | 12.14 | 5.76 | 268.51 | 241.15 | 245.83 |
| Mar-10 | 63.22 | 31.08 | 78.38 | 19.42 | 25.36 | 33.20 | 12.14 | 6.09 | 268.89 | 244.25 | 246.35 |
| Jun-10 | 63.70 | 31.26 | 81.35 | 19.96 | 25.46 | 33.26 | 12.14 | 6.31 | 273.43 | 246.02 | 248.49 |
| Sep-10 | 65.13 | 31.91 | 80.05 | 19.96 | 25.64 | 33.29 | 12.14 | 6.65 | 274.76 | 244.55 | 251.59 |
| Dec-10 | 65.34 | 32.08 | 83.66 | 20.11 | 25.57 | 33.30 | 12.14 | 6.90 | 279.10 | 245.14 | 252.59 |
| Mar-11 | 65.81 | 32.20 | 92.62 | 20.08 | 25.67 | 33.50 | 12.14 | 7.16 | 289.18 | 251.64 | 255.97 |
| Jun-11 | 66.07 | 32.39 | 96.47 | 20.38 | 25.60 | 33.36 | 12.14 | 7.42 | 293.82 | 254.74 | 263.11 |
| Sep-11 | 67.11 | 32.84 | 95.12 | 20.58 | 25.78 | 33.27 | 12.14 | 7.47 | 294.31 | 255.04 | 263.55 |
| Dec-11 | 68.02 | 33.05 | 98.32 | 20.95 | 26.19 | 33.38 | 12.14 | 7.51 | 299.57 | 255.04 | 266.37 |
| Mar-12 | 68.93 | 33.30 | 99.10 | 21.47 | 26.29 | 33.23 | 12.14 | 7.56 | 302.02 | 257.84 | 268.94 |

Percentage Change (quarter to quarter)

| | | | | | | | | | | | |
|------------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|-------|
| 3 year ave | 3.67% | 3.23% | 8.51% | 4.01% | 2.06% | 0.19% | 1.87% | 14.76% | 4.71% | 3.19% | 3.08% |
| 1 year ave | 4.74% | 3.39% | 7.00% | 6.95% | 2.42% | -0.82% | 0.00% | 5.62% | 4.44% | 2.47% | 5.07% |
| Qtr change | 1.34% | 0.73% | 0.80% | 2.50% | 0.35% | -0.44% | 0.00% | 0.61% | 0.82% | 1.10% | 0.97% |

Notes: All data reflect the effects of ANTS. *based on the Average of observed freight rate escalators.

Shorthaul Cost Changes

(Index base 100 = December 1984)

| Quarter | Contribution to total index | | | | | | | | | Recommended | |
|---------|-----------------------------|-------|-------|-------|--------------|---------|-----------|-------|-----------------------|-------------|-------------|
| | Driver | Admin | Fuel | Tyres | Main-tenance | Capital | Insurance | Rego | Total Transport Index | CPI | Rates Index |
| Mar-09 | 129.83 | 22.38 | 20.86 | 6.47 | 20.60 | 36.35 | 9.93 | 0.60 | 247.02 | 234.65 | 246.41 |
| Jun-09 | 130.25 | 22.51 | 20.99 | 6.64 | 20.71 | 36.65 | 10.13 | 0.60 | 248.47 | 238.49 | 245.29 |
| Sep-09 | 130.62 | 22.68 | 21.53 | 6.71 | 20.74 | 36.67 | 10.10 | 0.61 | 249.66 | 243.07 | 247.12 |
| Dec-09 | 131.88 | 22.86 | 20.88 | 6.71 | 20.77 | 36.69 | 10.30 | 0.611 | 250.71 | 241.15 | 247.35 |
| Mar-10 | 132.57 | 22.98 | 20.98 | 6.58 | 20.85 | 36.72 | 10.30 | 0.615 | 251.59 | 244.25 | 250.10 |
| Jun-10 | 133.52 | 23.00 | 22.19 | 6.75 | 20.97 | 36.77 | 10.30 | 0.618 | 254.12 | 246.02 | 253.98 |
| Sep-10 | 136.76 | 23.40 | 21.68 | 6.75 | 21.12 | 36.80 | 10.30 | 0.624 | 257.44 | 244.55 | 255.37 |
| Dec-10 | 137.20 | 23.57 | 22.17 | 6.81 | 21.04 | 36.81 | 10.30 | 0.631 | 258.52 | 245.14 | 256.11 |
| Mar-11 | 137.90 | 23.72 | 24.17 | 6.71 | 21.16 | 37.08 | 10.300 | 0.64 | 261.69 | 251.64 | 259.35 |
| Jun-11 | 138.35 | 23.85 | 25.99 | 6.81 | 20.98 | 36.91 | 10.300 | 0.64 | 263.83 | 254.74 | 268.65 |
| Sep-11 | 141.48 | 24.19 | 25.35 | 6.88 | 21.20 | 36.79 | 10.300 | 0.65 | 266.83 | 255.04 | 268.84 |
| Dec-11 | 142.36 | 24.34 | 26.18 | 7.00 | 21.43 | 37.01 | 10.300 | 0.65 | 269.28 | 255.04 | 268.89 |
| Mar-12 | 143.70 | 24.52 | 26.33 | 7.18 | 21.47 | 36.91 | 10.300 | 0.66 | 271.07 | 257.84 | 270.69 |

Percentage Change (quarter to quarter)

| | | | | | | | | | | | |
|------------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|
| 3 year ave | 3.44% | 3.09% | 8.07% | 3.51% | 1.38% | 0.51% | 1.23% | 3.02% | 3.15% | 3.19% | 3.18% |
| 1 year ave | 4.21% | 3.39% | 8.92% | 6.95% | 1.43% | -0.47% | 0.00% | 2.90% | 3.58% | 2.47% | 4.37% |
| Qtr change | 0.94% | 0.73% | 0.59% | 2.50% | 0.16% | -0.27% | 0.00% | 0.61% | 0.67% | 1.10% | 0.67% |

Notes: All data reflect the effects of ANTS. *based on the Average of observed freight rate escalators.

The TransEco Road Freight Cost Indices are issued quarterly. An annual subscription (four issues) is available for \$654.00 (inclusive of GST). For more information, please contact:

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Prepared for publication by Clarity in Design.

Attachment 4

Chememan pricing impact on Cockburn Cement pricing

(Confidential)